



News Release

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**IRS ENCOURAGES FEDERAL EMPLOYEES
TO RESOLVE FEDERAL TAX DEBTS**

WASHINGTON -- The Internal Revenue Service is encouraging federal employees to resolve any long-term unpaid federal tax bills now to avoid having their federal salaries levied.

The IRS is implementing the next phase of its Federal Payment Levy Program this fall to include the salaries of 8,855 federal employees with unpaid federal tax debts. The program affects those paid through the National Finance Center, making their federal salaries subject to a 15 percent continuous levy. The General Accounting Office estimates this phase of the program could generate \$32.8 million annually.

To prevent having their salaries reduced federal employees should contact the IRS at 1-800-829-7650. Those who have already arranged to pay their tax debts through installment agreements or other IRS programs do not need to contact the IRS.

Congress approved the Taxpayer Relief Act of 1997, authorizing continuous levies on certain federal payments going to individuals and businesses, including federal employees.

The IRS applies the Federal Payment Levy Program after attempts to resolve delinquent tax accounts have failed. Salaries of those in bankruptcy, suffering hardship situations or who have applied for relief as an innocent or injured spouse will not be included in this program.

Before levies are placed, delinquent taxpayers receive a final notice with details about their tax bill, an explanation of their appeal rights, and a telephone number for inquiries and assistance. The IRS will not issue a levy if payment arrangements are made within 30 days after a final notice is sent.

If there is no response, the IRS transmits the levy electronically to the Financial Management Service, a bureau of the Treasury Department. From that point, until the debt is paid or other satisfactory arrangements are made, FMS reduces the federal employee's salary subject to the levy by 15 percent and sends it to the IRS. The balance of the salary is sent to the employee.

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